

Gasoline Report

a weekly summary



FOR THE WEEK ENDING JANUARY 15, 2018

- o **Higher crude oil and North American wholesale prices helped push up the Ontario average retail price of regular unleaded gasoline by 2.3 cents to 122.8 cents a litre, a two-month high.** Prices rose by 3.1 cents in Ottawa (to a four-month high), 3.0 cents in London (to a four-month high), 2.6 cents in Toronto (to a two-month high) and 0.7 cents in Windsor. Prices fell by 2.3 cents in North Bay, 1.7 cents in Sudbury, and less than a cent in Timmins, Sault Ste. Marie and Thunder Bay (the latter to a three-month low). The Ontario average retail diesel price declined by 0.2 cents from a 38-month high to 123.5 cents. **The Canadian average retail regular unleaded gasoline price increased by 2.4 cents to 123.8 cents, a two-month high.** Prices rose by 4.0 cents in Toronto (to a four-month high), 3.8 cents in Calgary (to a two-month high), 3.5 cents in Edmonton (to a two-month high), 1.7 cents in Vancouver (to a two-month high), 1.3 cents in St. John's, and 0.7 cents in Montreal (to a two-month high). Prices fell by 5.8 cents in Winnipeg and less than a cent in Regina, Quebec City and Saint John. The Canadian average retail diesel price rose by 0.8 cents to 126.1 cents, the highest since March 2015.
- o **The world transport sector is not on track toward achieving sustainable mobility, including the goal of limiting global warming to no more than 2°C above pre-industrial levels, according to Sustainable Mobility for All's Global Mobility Report 2017.** The transport sector is plagued by high fossil fuel use, rising GHG emissions, an alarmingly high number of fatalities, and a reluctance to adopt digitalization. Transport accounts for 23% of world energy-related GHG emissions, and transport-related GHG emissions grew by 2% annually from 1990-2012. Transport was the largest energy consumer in 40% of the world's countries and the second-largest in most of the rest. Only 10% of the world's population lives in cities that meet World Health Organization air quality guidelines. 98% of cities in low- and middle-income countries and 56% in high-income countries do not meet WHO guidelines. An additional 2 billion people are expected to be living in cities by 2045, with the growth in urban population far exceeding growth in public transport. More than 70% of Africa's rural population lacks adequate transportation. Achieving sustainable mobility would enable Africa to become self-sufficient in food and create a regional food market worth \$1 trillion by 2030. A full shift to sustainable mobility would result in vehicle acquisition, fuel, operational and congestion cost savings of \$70 trillion by 2050, says the report (Green Car Congress, <https://openknowledge.worldbank.org/bitstream/handle/10986/28542/120500.pdf?sequence=1&isAllowed=y>).
- o **World biofuel production grew by more than 20% annually from 2001-2010, slowing to growth of about 4% annually from 2011-2016, according to the World Bank.** Growth in biofuel production is expected to slow even further in the next 10 years. The world currently consumes about 1.5 million barrels a day of biofuels, or 1.6% of liquid fuel consumption. Most biofuel production is not economic at current energy and agricultural prices, and is sustained by various mandates and trade measures. U.S. corn ethanol, Brazilian sugarcane ethanol, and European edible oil biodiesel collectively account for about 85% of world biofuel production. The world ethanol market will grow by 7% annually to \$115.7 billion by 2025, driven by the Philippines, China and India, says the bank (*Philippine Daily Inquirer*, Energy Overviews).
- o **The South Korean government plans to retire 2.21 million aged diesel vehicles by the end of 2022 as part of a plan to reduce fine dust emissions by more than 30% over the next five years.** The government will deploy 350,000 electric vehicles and 15,000 fuel cell vehicles and install 10,000 fast charging stations on highways, apartments and shopping malls by 2020. Subsidies of \$15,200 to \$19,600 will be provided for EV purchases. There are currently 10 EV models for sale in South Korea and 1,499 fast chargers and 1,602 regular charging stations. There is only one FCV model (the Hyundai Tucson Fuel Cell) and 14 hydrogen stations. Bloomberg New Energy Finance believes that the EV target is achievable but the FCV target could be challenging (BNEF).
- o **European transport and logistics firm Jost Group has ordered 500 liquefied natural gas IVECO Stralis NP heavy-duty trucks to replace its current diesel trucks.** When all the trucks are delivered by 2020, LNG will account for 35% of Jost's 1,400-truck fleet. The German government has determined that LNG is the best solution for long-distance road transport for the next 10-15 years. IVECO says the Stralis NP trucks emit virtually no particulate matter, 50% less NO_x, 50% less noise, and up to 95% less CO₂ if the LNG is made from biomethane, compared to diesel (Green Car Congress).

Retail Prices**Regular Unleaded Gasoline**
(Canadian Cents/Litre)

Ontario	<u>Jan 8</u>	<u>Jan 15</u>	<u>+/-</u>
Ottawa	120.0	123.1	3.1
Toronto West	121.3	124.0	2.7
Toronto East	120.6	123.1	2.5
Windsor	111.2	111.9	0.7
London	120.8	123.8	3.0
Sudbury	120.7	119.0	-1.7
Sault Ste. Marie	124.1	123.9	-0.2
Thunder Bay	124.5	124.3	-0.2
North Bay	121.5	119.2	-2.3
Timmins	<u>129.8</u>	<u>129.2</u>	<u>-0.6</u>
<i>Ontario Average</i>	<i>120.5</i>	<i>122.8</i>	<i>2.3</i>
Canada	<u>Jan 9</u>	<u>Jan 16</u>	<u>+/-</u>
St. John's, Nfld	118.6	119.9	1.3
Charlottetown	114.5	114.5	0.0
Halifax	113.7	113.7	0.0
Saint John, N.B.	112.8	112.7	-0.1
Quebec City	116.7	116.1	-0.6
Montreal	126.7	127.4	0.7
Toronto	120.9	124.9	4.0
Winnipeg	111.3	105.5	-5.8
Regina	104.6	103.7	-0.9
Edmonton	105.3	108.8	3.5
Calgary	109.3	113.1	3.8
Vancouver	<u>139.6</u>	<u>141.3</u>	<u>1.7</u>
<i>Canada Average</i>	<i>121.4</i>	<i>123.8</i>	<i>2.4</i>

Source: Ministry of Energy; Kent Group Ltd.

Rack & Spot Prices**Regular Unleaded Gasoline**
(Canadian Cents/Litre, Ex-Tax)

<u>Date</u>	<u>Toronto Rack</u>	<u>New York Spot Barge</u>	<u>Differential</u>	<u>Exchange (U.S.¢)</u>
Jan 5	72.80	59.74	13.06	80.63
Jan 12	73.70	61.79	11.91	79.97

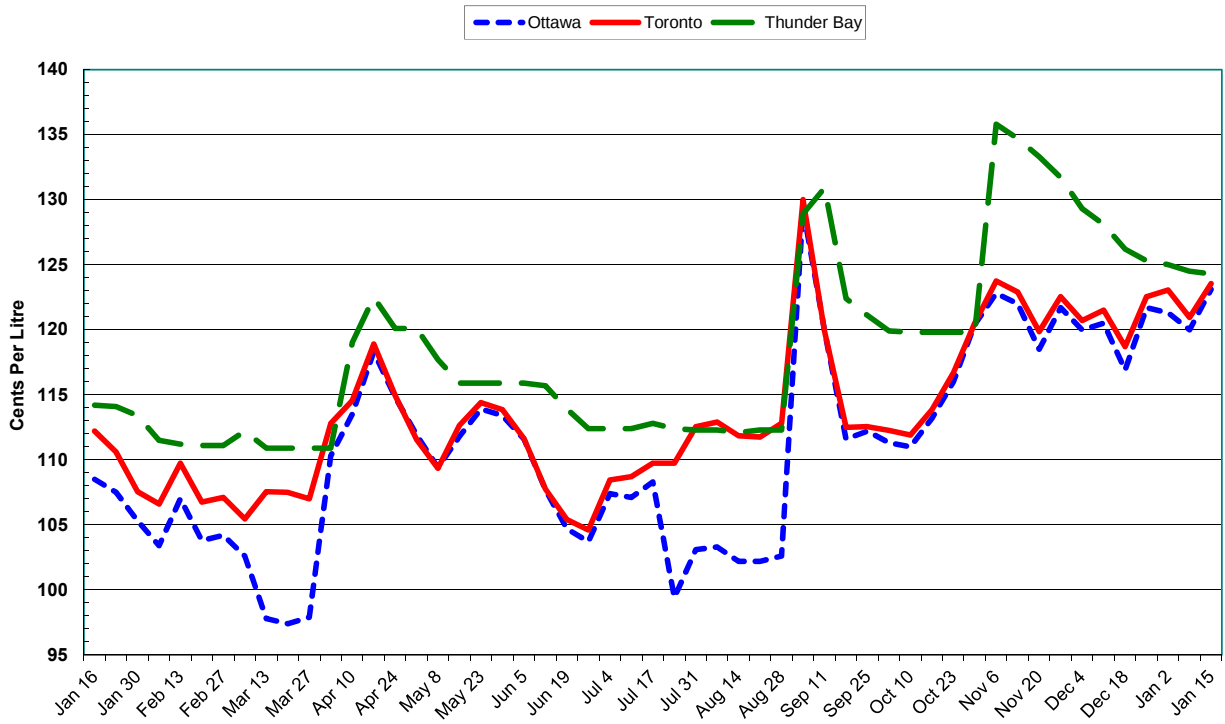
Source: Bloomberg Oil Buyer's Guide; Oil Price Information Service; Bank of Canada

Futures Prices**Petroleum Futures Prices**

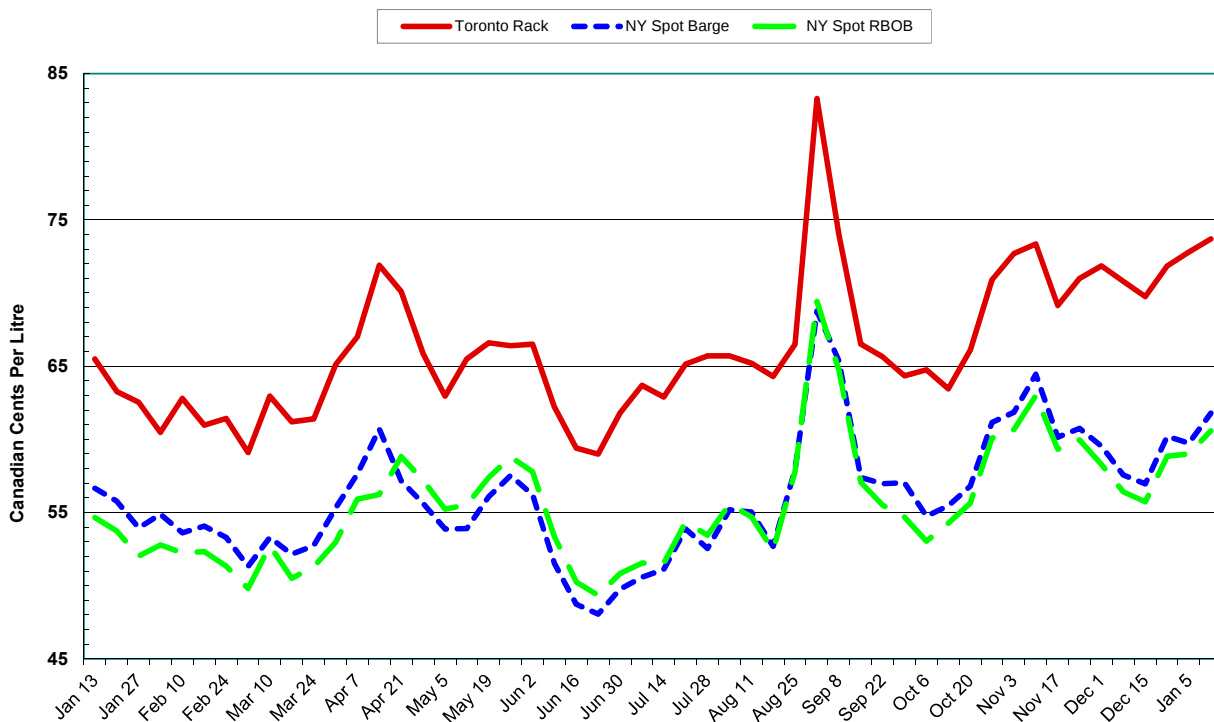
<u>Date</u>	<u>WTI Crude (NY) (US\$/bbl)</u>	<u>Reg.Unleaded RBOB (NY) (US¢/USgal)</u>	<u>Crack Spread (US\$/bbl)</u>
Jan 5	61.44	178.58	13.56
Jan 12	64.30	184.95	13.38

Source: CME Group (NYMEX)

Retail Gasoline Prices (2017-2018)
Regular Unleaded



Toronto Rack/NY Spot Barge/NY Spot RBOB (2017-2018)
Regular Unleaded



Petroleum Futures Prices (2017-2018)

